

**DRAFT**

**Instructions for the Preparation  
of the  
Country Exposure Report  
(FFIEC 009)**

**Schedule 1 - Claims, Liabilities,  
Commitments, and Guarantees**

**Schedule 2 - Claims from Positions in  
Derivative Contracts**

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## **I. GENERAL INSTRUCTIONS**

### **A. Introduction and Purpose**

This report provides information on the distribution, by country, of claims on foreign residents held by United States banks and bank holding companies. The data collected are used for supervisory purposes and to assess transfer and related risks, such as country risk. The data are also aggregated and released to the public, for analysis of the transfer and related risks in the United States' banking system. Aggregate data are provided to the Bank for International Settlements (BIS), as part of an international cooperative effort to compile and publish global data on claims on foreign residents. The resulting data form the BIS Consolidated Banking Statistics, which are widely used for country risk analysis and the analysis of banking flows.

### **B. Summary Description of this Report**

This report contains two schedules. Schedule 1 collects information on the respondent's claims on residents of foreign countries, except claims resulting from the fair value of derivative contracts. Data are collected on an "immediate counterparty" basis—i.e., on the basis of the country of residence of the borrower—and an "ultimate risk" basis—i.e., on the basis of the country of residence of the guarantor or collateral (i.e., the "ultimate obligor"). In Columns 1-5, data are collected on an immediate counterparty basis. In Columns 6-9, the redistribution of claims from an immediate counterparty basis to an ultimate risk basis is shown. These redistributions arise from arrangements such as formal guarantees and credit derivatives. In Columns 10-16, claims are shown on an ultimate risk basis. For each country row (except the United States) the sum of the claims in Columns 1, 2, 3, and 5, less the outward risk transfers in Columns 6 and 7, plus the inward risk transfers in Columns 8 and 9, should equal the sum of the cross-border claims and foreign office local claims in Columns 10-15.

In addition, data are collected on the liabilities of non-U.S. offices (Columns 19 and 20). The information on liabilities is important in its own right and is useful in putting the claims of foreign offices on local residents (Column 5 and the sum of Columns 13-15) in perspective.

The report also collects data on the risk exposure, by country, of U.S. banks and bank holding companies due to the existence of commitments and guarantees (including credit derivatives) to residents of other countries (Columns 17 and 18, respectively).

This report also has three memorandum columns. Column 21 shows positions vis-à-vis own related offices. (These positions are not reported elsewhere on this report, due to the consolidation rules.) Column 22 shows the amount of claims, on an ultimate risk basis (reported in Columns 10-12), that are assets held for trading. Column 23 shows the amount of claims, on an ultimate risk basis (reported in Columns 10-12 and Columns 17-18), that are trade finance.

Schedule 2 collects information on the fair value of the respondent's claims on residents of foreign countries resulting from derivative contracts. A sector distribution and the total are collected in Columns 1-4. In Column 5, claims on bank branches that are not formally and legally guaranteed by the head office are reported in the country rows corresponding to the country in which the branch is located (instead of the country of the head office). These claims represent transfer risk remaining in the countries in which the branches are located. Columns 6-7 are optional; they show the amount of foreign-office claims on local residents and foreign-office liabilities resulting from derivative contracts.

## **C. Administrative Issues**

### Authority

This report is required to be filed by national banks, State member banks and bank holding companies, and insured State nonmember commercial banks pursuant to authority contained in the following statutes:

Board of Governors of the Federal Reserve System – Section 11a of the Federal Reserve Act (12 USC 248a), Section 5c of the Bank Holding Company Act (12 USC 1844c), and Section 907 of the International Lending Supervision Act of 1983 (12 USC 3906); and

Comptroller of the Currency – the National Bank Act, as amended (12 USC 161);

Federal Deposit Insurance Corporation – Section 7 and 10 of the Federal Deposit Insurance Act (12 USC 1817 and 1820)

### Confidentiality

The individual reports are regarded as confidential and will not be voluntarily disclosed to the public. However, aggregated data that do not reveal the activities of individual banks will be published. Portions of the aggregated data are also reported to the Bank for International Settlements as part of an international cooperative effort to compile and publish worldwide data on cross-border claims.

### Reporting Burden

Public reporting burden for the collection of information is estimated to average 30 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. A federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (7100-0035), Washington, D.C. 20503, and to one of the following:

Secretary  
Board of Governors of the Federal Reserve System  
Washington, D.C. 20551

Assistant Executive Secretary  
Federal Deposit Insurance Corporation  
Washington, D.C. 20429

Legislative and Regulatory Analysis Division  
Office of the Comptroller of the Currency  
Washington, D.C. 20219

## **D. Who Must Report**

### Reportable Entities

The Country Exposure Report (FFIEC 009) is required to be filed quarterly by commercial banks and/or bank holding companies meeting the criteria listed below:

A Schedule 1 must be completed by:

- (1) Every U.S. chartered insured commercial bank in the 50 States of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions, that has, on a fully consolidated bank basis, total outstanding claims on residents of foreign countries exceeding \$30 million in the aggregate, and has at least one of the following:
  - a branch in a foreign country;
  - a consolidated subsidiary in a foreign country;
  - an Edge or Agreement subsidiary
  - a branch in Puerto Rico or in any U.S. territory or possession (except that a bank with its head office in Puerto Rico or any U.S. territory or possession need not report if it meets only this criterion);
  - an International Banking Facility (IBF)
- (2) Every Edge and/or Agreement corporation that has total outstanding claims on residents of foreign countries exceeding \$30 million, *unless* it is majority owned by a bank that is required to file a report.
- (3) Every institution that meets the Schedule 2 reporting requirements (see below).
- (4) Every U.S. bank holding company that is required to file the FR Y-6 report (Bank Holding Company Annual Report) and has a subsidiary bank that is required to report.

However, to reduce reporting burden:

- (1) If a bank holding company has only one subsidiary bank that meets the reporting requirements and that subsidiary bank accounts for less than 90 percent of the consolidated holding company's total claims on foreigners, only the holding company should prepare a Schedule 1. If the only subsidiary bank that is required to report accounts for 90 percent or more of the consolidated holding company's claims, either the holding company or the bank (but not both) should prepare a Schedule 1.
- (2) If a bank holding company has two or more subsidiary banks that meet the reporting requirements and these subsidiary banks, together, account for 90 percent or more of the consolidated holding company's total claims on foreigners, the holding company need not file a separate report.

A Schedule 2 must be completed by every institution whose Call Report or bank holding company report as of December 31 of the previous year shows:

- (1) total gross notional values of derivative contracts held for trading (item 13, Columns A, B, C, and D on Schedule RC-L) in excess of \$10 billion
- or*
- (2) total gross fair values of derivative contracts held for trading (items 15(a)(1) or 15(a)(2), Columns A, B, C, and D on Schedule RC-L) in an amount greater than 5 percent of their total assets.

In addition, the bank regulatory authorities may specifically require a report (Schedules 1 and/or 2) to be filed by other banking organizations that the authorities deem to have significant country exposures.

### Consolidation Rules

The information should be reported on a fully consolidated basis. For reports from banks, the scope of coverage and the consolidation of information should be in accordance with the procedures and tests of significance set forth in the instructions for preparation of the FFIEC 031. For reports from bank holding companies, the information should be consolidated in accordance with the principles set forth in the Instructions to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C).

### **E. Accounting Issues**

All amounts should be reported in U.S. dollars regardless of the currencies in which the balances are denominated. The translations should be made on the same basis as used by the respondent to prepare its (or its subsidiary bank's) FFIEC 031 and the FR Y9-C.

Claims and liabilities should be reported using the same accounting basis as used on the FFIEC 031 and FR Y 9-C with the exception of available-for-sale securities, which should be reported at amortized cost.

Round all amounts reported on this form to the nearest million dollars.

### **F. Submission of Reports**

This report is to be prepared quarterly, as of the end of March, June, September and December. All respondents should submit their completed report to the Federal Reserve Bank of New York (FRBNY), via the Federal Reserve System's Internet Electronic Submission (IESUB) system, within 45 days of the reporting date.

The Federal Reserve System Web site <http://www.reportingandreserves.org/req.html> provides additional information on IESUB. The Web site also includes a link that respondents may use to contact FRBNY for technical assistance.

Each respondent should keep a paper copy of each report. This paper copy should be signed and certified by an Executive Officer (as defined in 12 CFR 215.2(e)(1)) of the bank or bank holding company.

## **II. General Reporting Definitions**

### **A. Claims**

The term “claims” follows the definition in the instructions for preparation of the FFIEC 031 and FR Y9-C including the following types of assets:

- Deposit balances, both interest bearing and non-interest bearing, held at banks in foreign countries, foreign branches of other U.S. banks, foreign branches of foreign banks, and U.S. branches of foreign banks
- Balances with foreign central banks and foreign official institutions
- Foreign securities
- Federal funds sold to foreigners, U.S. branches of foreign banks, or other U.S. entities that are branches of a foreign company
- Loans to or guaranteed by non-U.S. addressees
- Holdings of acceptances of foreign banks
- Foreign direct lease financing
- Investments in unconsolidated foreign subsidiaries and associated companies
- Positive fair value of interest rate, foreign exchange, equity, commodity and other derivative contracts with non-U.S. addressees (Reported in schedule 2)
- Customers’ liability on acceptances outstanding where the account party is foreign
- Accrued income on credits extended to or guaranteed by non-U.S. addressees (including interest, commissions and income earned or accrued and applicable to current or prior periods, but not yet collected)
- Resale agreements with non-U.S. addressees
- Asset sales with recourse with non-U.S. addressees
- Participations and syndications of loans to non-U.S. addressees

Premises, Other Real Estate Owned, and Goodwill should be excluded from claims for the purposes of this report.

### **B. “Immediate Counterparty” and “Ultimate Risk” Claims**

Claims are to be reported on an “immediate counterparty” basis in Columns 1-5 and on an “ultimate risk” basis in Columns 10-16. The obligor on an immediate counterparty basis is the entity that issued the security or otherwise incurred the liability. The obligor of a claim on an ultimate risk basis is any person, business, institution, or instrument that provides any of the types of credit protection described in Section II.D, “Required Risk Transfers” and Section II.G “Reporting Credit Derivatives.” (Note, in particular, the rules given in Section II.D.5 concerning collateral.)



If full credit protection is provided by more than one source, the ultimate risk claim should be reported in the sector and row of the residence of the highest rated credit enhancer.

### **C. Sector Definitions**

The following sector definitions are used for all columns of this report that provide sectoral distinctions:

- (1) Banks (Columns 1, 6, 8, 10, and 13 of Schedule 1 and Column 1 of Schedule 2) - The definition of banks is identical to "Banks, U.S. and Foreign" in the Report of Condition. Banks include commercial banks, savings banks, discount houses, and other similar institutions. Banks also include banking institutions owned by foreign governments, unless such institutions function as central banks or banks of issue, in which case they are treated as "public" institutions.
- (2) Public (Columns 2, 11, and 14 of Schedule 1 and Column 2 of Schedule 2) - The definition of the Public sector is identical to "Foreign Governments and Official Institutions" in the Report of Condition. Public sector institutions include:
  - central, state, provincial and local governments and their departments, and agencies
  - treasuries, ministries of finance, central banks, stabilization funds, exchange authorities, and diplomatic establishments
  - those government owned banks, including development banks, that perform as an important part of their activities, the functions of a treasury, central bank, exchange control office, or stabilization fund
  - international or regional organizations or subordinate or affiliated agencies thereof, created by treaty or convention between sovereign states, including the International Monetary Fund, the International Bank for Reconstruction and Development (World Bank), the Bank for International Settlements, the Inter-American Development Bank, and the United Nations

Banking institutions owned by a government that do not function as the central bank and/or bank of issue are excluded from the public sector and are to be reported as "Banks." Other corporations that are owned by a government are to be reported as "Other."

- (3) Other (Columns 3, 12, and 15 of Schedule 1 and Column 3 of Schedule 2) - All persons, businesses, and institutions other than "banks" and "public," as defined above.
- (4) Non-banks (Columns 7 and 9 of Schedule 1) - All persons, businesses and institutions other than banks (i.e., include both "public" entities and "other" entities).

### **D. Required Risk Transfers**

Claims are redistributed from an "immediate counterparty" basis to an "ultimate risk" basis in Columns 6-9. The respondent is required to make the following risk transfers:

- (1) Guarantees

Guarantees are formal legally binding commitments by a third party to repay a debt if the direct obligor fails to do so. Guarantees include financial and performance standby letters of

credit and acceptances (for the amount of the participation sold). Documents that do not establish legal obligations, such as “comfort” letters, letters of awareness, or letters of intent, are not guarantees for the purpose of this report. Similarly, guarantees that do not cover transfer risk should not be considered a guarantee for the purposes of this report. Guarantees providing protection to the respondent should result in the reallocation of the claim to the sector and country row of the provider of the guarantee. (Note: If the respondent provides a guarantee on a foreign credit, the amount of the guarantee should be reported in Column 18.)

(2) Insurance Policies

Insurance policies that guarantee payment of a claim if the borrower defaults or if non-convertibility occurs should be reallocated to the non-bank sector of the country of residence of the entity providing the insurance. However, limited purpose policies, such as “political risk insurance” policies should not be used as a basis for reallocation. (Note: If a respondent issues an insurance policy guaranteeing the payment of a claim if a foreign borrower reports, the amount of the protection sold should be reported in Column 18.)

(3) Head Offices

For the purposes of this report, claims on a branch (but not on a subsidiary) of a banking organization are considered to be guaranteed by the head office of the organization, even without a legally binding agreement. Therefore, claims on branches should be reallocated to the bank sector in the country of the parent institution.

(4) Credit Derivatives

See Section II.G.

(5) Collateralized Claims

Collateral is treated as a “guarantee” of a claim if the collateral is: (a) tangible, liquid, and readily-realizable and (b) is both held and realizable outside of the country of residence of the borrower. Collateral can include investment grade debt instruments and regularly traded shares of stocks. In cases involving collateral other than stocks and debt securities, the sector and country of the “guaranteeing” party is the sector and country of residence of the institution holding the collateral. If the collateral is stocks or debt securities, the sector and country of the “guaranteeing” party is the sector and country of residence of the party issuing the security.

If the collateral consists of a basket of convertible currencies or investment grade securities of different countries, the exposure may be reported on the “Other” line (for example, “other Latin America”) that most closely represents the geographical composition of the basket.

(6) Risk Participations

Loans and acceptances, where the accepting bank has sold a risk participation, are considered to be guaranteed by the purchaser of the participation for the amount of the participation sold.

Assets such as real estate and accounts receivable are not liquid or tangible assets. (Although only liquid, tangible, and readily realizable assets may be the basis of a reported risk transfer, the Federal

banking agencies will consider the protection afforded by other assets to the reporting bank's country exposure claims when appraising each bank's country exposures.)

#### **E. Cross-Border and Foreign Office Claims on Local Residents**

Cross-border claims of each respondent cover:

- all claims of its U.S. offices (including IBFs, Edge and Agreement corporations, and offices in Puerto Rico and U.S. territories and possessions) with residents of foreign countries, regardless of the currency in which the claim is denominated; *and*,
- all claims of each of its offices in a foreign country with residents of other foreign countries (i.e., countries other than the country in which the foreign office is located), regardless of the currency in which the claim is denominated.

Since the reports are on a fully consolidated bank (bank holding company) basis, cross-border claims exclude any claims against those foreign branches or foreign subsidiaries that are part of the consolidated bank (bank holding company). However, claims on unconsolidated subsidiaries or associated companies of the respondent would be reported. Thus, a consolidated bank basis report would include claims on foreign subsidiaries of the banks' parent holding company since these subsidiaries would not be included in consolidated reports of the bank. (Note: Net amounts due to or due from own related offices in other countries are shown as a separate memorandum item in Column 21.)

Foreign office claims on local residents are all claims of the institution's foreign offices on residents of the country in which the foreign office is located.

- Notes: (1) Claims of a foreign office on a resident of the United States should not be reported as a cross-border claim (because the row for the United States should not be completed, except for Columns 6-9) nor as a foreign office claim on local residents (because they are not a claim on a resident of country in which a foreign office is located).
- (2) The definition of "cross-border claims" and "foreign office claims on local residents" is the same on an "immediate counterparty" basis and an "ultimate risk" basis. However, some claims may be categorized differently, or be placed in different sectors or country rows, because the immediate obligor may differ from the ultimate obligor.

#### **F. "Local" vs. "Non-Local" Currency**

A currency is considered to be a "local" currency of the country only if the country, directly or through a currency union, has the authority to issue that currency. Thus, U.S. dollars would not be considered to be the local currency of any country other than the United States. Euros would be considered to be the local currency of any country that is a member of the European Monetary Union, but of no other country.

#### **G. Reporting Credit Derivatives**

Respondents should treat credit derivative contracts, (including credit default swaps and options, total return swaps and sovereign risk options), as guarantees for purposes of this report, if the institution considers the arrangement to be an effective risk transfer based on its internal criteria and the contract contains provisions to pass the transfer risk to the counterparty. A respondent's internal criteria should, at a minimum, include provisions that ensure the terms of credit derivatives provide an effective guarantee, even in the case of a maturity mismatch, prohibit clauses that reduce the

effectiveness of the guarantee in the case of default, contain effectual events of default, and reference the same legal entity as the obligor.

Claims for which credit derivatives form an effective risk transfer should be reallocated to the sector and country of residence of the entity that is providing the protection.

Credit derivatives are reported in three places in this report:

- (1) On Schedule 1, the notional value of credit protection purchased by the respondent can result in both inward and outward risk transfers, as the credit risk is shifted from the sector and/or country row of the immediate counterparty to the sector and/or country row of the credit protection seller.
- (2) On Schedule 1, the notional value of credit protection sold by the respondent is reported in Column 18 (only). In each country row of Column 18, the respondent should report the notional value of the credit protection sold against the risk of default or other credit event by residents of that country.
- (3) On Schedule 2, claims arising from the fair value of credit derivative contracts (including the fair value of protection purchased and protection sold) are reported, with claims arising from the fair value of other derivative contracts.

### **III. SPECIFIC INSTRUCTIONS FOR ALLOCATING CLAIMS TO THE ROWS**

This report form contains rows for: (a) the United States; (b) individual countries; (c) “other” geographic regions (Other Europe, Other Latin America, Other Asia/Middle East, Other Africa and All Other Countries); and (d) international or regional organizations. Data should be allocated to the rows as described below.

#### **A. The United States**

The “United States” is defined as the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, Johnston Atoll, Kingman Reef, Midway Islands, the U.S. Virgin Islands and Wake Island. Data for the United States are reported only for the outward risk transfers (Schedule 1, Columns 6 and 7) and the inward risk transfers (Schedule 1, Columns 8 and 9).

#### **B. Foreign Countries and “Other” Geographic Regions**

A foreign country is any country other than the United States as defined above. The rows for the “other” geographic regions should be used when there is a claim against a resident of a country that is not listed, or when the residence of the obligor or guarantor cannot be readily identified. For example, investments in global funds, claims collateralized by a basket of convertible currencies or by a basket of investment grade securities of different countries, and claims collateralized by a pool of securities that changes daily may not be easy to allocate to a single country.

Shipping credits should be allocated to the country in which the primary source of repayment resides. In cases where there is no long-term charter, such as a vessel operating in the spot market or a liner vessel, the allocation should be to the country of residence of the ultimate shipowner. Exceptions may be made where it is judged that the source of repayment of the credit may be other than in the country of residence of the ultimate shipowner. If a shipping credit is repayable principally from the proceeds of the charter assigned to the bank, the allocation should be to the country of residence of the charter.

#### **C. International and Regional Organizations**

Claims on international and regional organizations, even if located in the United States, should be reported opposite the appropriate line: (a) International; (b) West European Regional; (c) East European Regional; (d) Latin American Regional; (e) Asian Regional; (f) African Regional; or (g) Middle Eastern Regional. The “International” entry covers most organizations of a global character, such as the International Monetary Fund and the World Bank. However, for purposes of this report, the Bank for International Settlements and the European Central Bank are to be treated as “Other Europe,” and not as “International” or “Regional.” The regional entries cover organizations that are regional in scope such as the European Coal and Steel Community (Western Europe regional), the Inter-American Development Bank (Latin American regional) or the Asian Development Bank (Asian regional).

All international and regional institutions are considered to be “public” sector organizations.

#### **IV. SPECIFIC INSTRUCTIONS FOR SCHEDULE 1**

Report claims (see Section II.A) and liabilities as described below. Do not report in Schedule 1 the fair value of derivative contracts; these should be reported on Schedule 2. Note that for the United States (see Section III) respondents should report only the risk transfer from the United States (e.g., a transfer due to a claim on a U.S. branch of a foreign bank) or to the United States (e.g., a claim on a foreign subsidiary of a U.S. company that is fully guaranteed by the parent organization).

##### **A. Immediate Counterparty Claims (Columns 1 through 5)**

All data in Columns 1-5 should be based only upon the immediate obligor; do not consider any guarantees or other risk transfers.

##### Claims by Sector

In Columns 1, 2, and 3 report:

- (1) all cross-border claims in any currency,

*and*

all foreign office claims in currencies other than the official currency of the country in which the local office exists, as defined in Sections II.E and II.F. Allocate the claims to each sector (see Section II.C) and each country row (see Section III) based upon the sector and residence/entity type of the direct obligor.

##### Remaining Maturity of One Year or Less

In Column 4, show all claims reported in Columns 1-3 that have 1 year or less to the remaining contractual maturity date except as described below. The definition of “one year” should be consistent with the definition used in the respondent’s FFIEC 031 or FR Y9-C.

Marketable equity investments, both trading and available-for-sale, should be reported as maturing under one year, because they are liquid investments.

Debt securities held in the trading account should be reported in the one year and under category. Debt securities held in the available for sale portfolio should be reported according to the contractual maturity date.

##### Foreign Office Claims on Local Residents in the Local Currency

In Column 5, report all foreign office claims on local residents in the official currency of the country in which the local office exists (see Sections II.E and II.F).

Note that all foreign office claims, except when a U.S. resident is the direct obligor, should be reported in Columns 1, 2, 3, or 5. All claims on residents of another country and claims of the foreign office in a non-local currency on residents of the same country should be reported in Columns 1-3.

*Examples for Columns 1 through 5:*

(1) The London branch of the respondent has a real-denominated claim of \$10 million and a dollar-denominated claim of \$20 million on a bank located in Brazil. The claims mature in 8 months. Entries would be:

	col 1	col 4	col 5
Brazil.....	30	30	---

(2) The Brazilian branch of the respondent has a claim worth \$10 million, denominated in currency other than real, on a bank located in Brazil. Entries would be:

	col 1	col 5
Brazil.....	10	--

(3) The Brazilian branch of the respondent issued a real-denominated loan worth \$10 million to a bank located in Brazil. Entries would be:

	col 1	col 5
Brazil.....	---	10

**B. Redistribution of Claims for Required Risk Transfers (Columns 6-9)**

Redistribute all claims subject to a required risk transfer (see Sections II.D and II.G) from the sector (see Section II.C) and country row (see Section III) of the immediate counterparty and to the sector and country row of the ultimate obligor. Show the required risk transfers between different sectors in the same country row as well as required risk transfers between different country rows.

Also show transfers to, or from, the United States. Transfers to the United States should always result from claims reported in Columns 1-3 and 5. Transfers from the United States will not be reported in Columns 1-5.

The sum of the outward required risk transfers (in Columns 6 and 7) should equal the sum of the inward required risk transfers (in Columns 8 and 9), because all transfers *from* a sector and/or country row (including the United States) must also be transfers *to* another sector and/or country row (including the United States).

Outward Risk Transfers

In Column 6, show (as a positive number), for each country row, all required risk transfers from banks located in that country of claims reported in Columns 1-3 and 5 or of claims on banks located in the United States.

In Column 7, show (as a positive number), for each country row, all required risk transfers from non-banks (public and other) located in that country of claims reported in Columns 1-3 and 5 or of claims on non-banks located in the United States.

Inward Risk Transfers

In Column 8, show, for each country row, all required risk transfers to banks located in that country of claims reported in Columns 6 or 7.

In Column 9, show, for each country row, all required transfers to non-banks (public and other) located in that country of claims reported in Column 6 or 7.

### C. Ultimate Risk Claims (Columns 10-16)

#### Cross-border Claims

In Columns 10-12, report all claims that, on an ultimate risk basis, are cross-border claims—i.e., claims for which the ultimate obligor, after required risk transfers, is a resident of a country other than the country of the office that holds the claim.

The claims should be allocated to each column based upon the sector of the ultimate obligor (see Section II.C) and to each row based upon the country in which the ultimate obligor is located (see Section III).

Claims for which the ultimate obligor is a U.S. resident should not be shown.

#### Foreign Office Claims on Local Residents

In Columns 13-15, report all claims that, on an ultimate risk basis, are foreign office claims on local residents—i.e., claims for which the ultimate obligor, after required risk transfers, is a resident of the country in which the foreign office is located.

The claims should be allocated to each column based upon the sector of the ultimate obligor (see Section II.C) and to each row based upon the country in which ultimate obligor (and the foreign office) is located (see Section III).

#### Foreign Office Claims on Local Residents in Non-Local Currencies

In Column 16, show all claims reported in Columns 13-15 that are claims in currencies other than the official currency (see Section II.F) of the country in which the foreign office is located. (All claims reported in Columns 13-15 should be foreign office claims on local residents.)

#### *Examples for Columns 6 through 16:*

(1) The respondent's offices outside of Hong Kong and Japan have \$50 million in claims on private manufacturers in Hong Kong that are guaranteed by a bank located in Japan. Entries would be:

	col 3	col 7	col 8	col 10	col 12
Hong Kong...	50	50	---	---	---
Japan.....	----	----	50	50	---

(2) The respondent's offices in Japan have \$50 million in claims, denominated in Hong Kong dollars, on private manufacturers in Hong Kong that are guaranteed by a bank located in Japan. Entries would be:

	col 3	col 7	col 8	col 12	col 13	col 16
Hong Kong...	50	50	---	---	---	---
Japan.....	----	----	50	---	50	50



(3) The respondent's offices in Japan have \$50 million in claims, denominated in Japanese yen, on private manufacturers in Hong Kong that are guaranteed by a bank located in Japan. Entries would be:

	col 3	col 7	col 8	col 12	col 13	col 16
Hong Kong...	50	50	---	---	---	---
Japan.....	----	----	50	---	50	---

(4) The respondent's offices outside of Denmark and Greece have a total of \$100 million in claims on residents of Denmark, \$90 million on banks and \$10 million on public sector entities. Of the claims on banks, \$20 million is explicitly guaranteed by the parent bank located in Greece. Entries would be:

	col 1	col 2	col 6	col 8	col 10	col 11
Denmark	90	10	20	---	70	10
Greece	---	---	---	20	20	---

(5) The respondent's Denmark office has a total of \$100 million in claims, not denominated in Danish kroner, on residents of Denmark, \$80 million on banks and \$20 million on public sector entities. Of the claims on banks, \$40 million is explicitly guaranteed by the parent bank located in Greece. Entries would be:

	col 1	col 2	col 6	col 8	col 10	col 13	col 14	col 16
Denmark..	80	20	40	---	---	40	20	60
Greece....	---	---	---	40	40	---	---	---

(6) The respondent's offices outside of the Bahamas have claims worth \$10 million, not denominated in Bahamian dollars, on the Nassau, Bahamas, branch of a U.S. bank. Entries would be:

	col 1	col 6	col 8	col 10
Bahamas.....	10	10	---	---
United States...	XXX	---	10	XXX

(7) The respondent's offices outside of Denmark and Spain have \$10 million in claims on a manufacturing company in Denmark guaranteed by a bank located in Spain. Entries would be:

	col 3	col 7	col 8	col 10
Denmark.....	10	10	---	---
Spain.....	---	---	10	10

(8) The respondent's office in Spain has non-euro claims worth \$10 million on a manufacturing company in Spain, guaranteed by a bank located in Denmark. Entries would be:

	col 3	col 7	col 8	col 10	col 15
Spain.....	10	10	---	---	---
Denmark.....	---	---	10	10	---

(9) The respondent's office in Spain has a \$10 million euro claim on a manufacturing company in Spain guaranteed by a bank located in Denmark. Entries would be:

	col 5	col 7	col 8	col 10
Spain.....	10	10	---	---
Denmark.....	---	---	10	10

(10) The Dominican Republic branch of the respondent has a claim worth \$10 million, not denominated in Dominican Republic Pesos, on a branch of a United Kingdom bank located in the Dominican Republic. Entries would be:

	col 1	col 6	col 8	col 10	col 13
Dominican Republic....	10	10	---	---	---
United Kingdom.....	---	---	10	10	---

(11) The respondent's U.S. office has a \$10 million claim on a U.S. bank that has a parent in United Kingdom. The parent provides a legally binding guarantee of payment. Entries would be:

	col 1	col 6	col 10	col 10
United Kingdom.....	---	---	10	10
United States.....	XXX	10	---	XXX

(12) The respondent's Italian office has \$10 million claim, not denominated in euros, on a U.S. branch of an Italian bank. Entries would be:

	col 1	col 6	col 8	col 13	col 16
Italy.....	---	---	10	10	10
United States.....	XXX	10	---	XXX	XXX

(13) The respondent's Italian office has \$10 million claim, denominated in euros, on a U.S. branch of an Italian bank. Entries would be:

	col 1	col 6	col 8	col 13	col 16
Italy.....	---	---	10	10	---
United States.....	XXX	10	---	XXX	XXX

(14) The respondent's U.S. office has a \$10 million claim on a private company in France that is guaranteed by a French bank. Entries would be:

	col 3	col 7	col 8	col 10
France.....	10	10	10	10

(15) The respondent's U.S. office has a \$10 million claim on a bank in Hong Kong that is a wholly-owned banking subsidiary of a Japanese bank. There is no explicit guarantee. Entries would be:

	col 1	col 6	col 8	col 10
Hong Kong...	10	---	---	10
Japan.....	---	---	---	---

(16) The respondent's Hong Kong office has a claim worth \$10 million, not denominated in Hong Kong dollars, on a bank in Hong Kong that is a wholly-owned subsidiary of a Japanese bank. There is no explicit guarantee. Entries would be:

	col 1	col 6	col 8	col 13	col 16
Hong Kong...	10	---	---	10	10
Japan.....	---	---	---	---	---

(17) The respondent's U.S. office has a \$10 million claim on a U.S. private company that is guaranteed by a U.K. bank. Entries would be:

	col 3	col 7	col 8	col 10
United Kingdom..	---	---	10	10
United States.....	XXX	10	---	XXX

(18) The Brazilian branch of the respondent has a claim worth \$10 million, not denominated in real, on a Brazilian manufacturer guaranteed by the United States Export-Import Bank. Entries would be:

	col 3	col 7	col 9	col 12	col 16
Brazil.....	10	10	---	---	---
United States....	XXX	---	10	XXX	XXX

(19) The Brazilian branch of the respondent has issued real-denominated loans equivalent to \$50 million to a Brazilian non-banking subsidiary of a Belgian company. The parent explicitly guarantees only \$20 million of the claims. Entries would be:

	col 5	col 7	col 9	col 12	col 15	col 16
Brazil.....	50	20	---	---	30	---
Belgium.....	---	---	20	20	---	---

(20) The Mexican branch of the respondent has a claim worth \$10 million, not denominated in pesos, on a Mexican public sector institution. The branch also has a claim worth \$40 million, not denominated in pesos, on a private company in Mexico guaranteed by its Japanese parent. Entries would be:

	col 2	col 3	col 7	col 9	col 12	col 14	col 16
Mexico...	10	40	40	---	---	10	10
Japan....	---	---	---	40	40	---	---

(21) The respondent's U.S. office has a \$20 million claim on a Malaysian financial company. The respondent purchased credit protection from a German bank, against the risk of default by the Malaysian financial company through a credit derivative with a maturity equal to the remaining maturity on the loan. The credit derivative has a notional value of \$20 million. Entries would be:

	col 3	col 7	col 8	col 10
Malaysia...	20	20	---	---
Germany...	---	---	20	20

Note regarding Schedule 2:

If the credit derivative has a positive fair value of \$2 million, the positive fair value would be reported in Schedule 2. Entries would be:

	Schedule 2		
	col 1	col 4	col 5
Germany.....	2	2	2

**D. Commitments (Column 17)**

In Column 17, report, on an "ultimate risk" basis (i.e., after risk transfers due to head offices or credit protection provided by third parties), all cross-border and local office commitments to provide credit

when the customer accepts the commitment offered by the banking institution. Include all outstanding letters of credit and amounts outstanding of purchases of risk participations. Commitments are legally binding agreements for which the respondent has charged a commitment fee or other consideration. Exclude “best efforts” letters and letters in which the pricing is indicative and not determined until launch date, or for which the banking institution has no commitment to buy the assets for its own account. Exclude any such commitments that cover obligations of U.S. residents. Exclude cross-border commitments (such as those under commercial letters of credit) that can be cancelled, at the option of the respondent, upon the occurrence of a sovereign event. Also exclude financial and performance standby letters of credit. (Financial and performance standby letters of credit should be reported as guarantees in Column 18).

In case of commitments for syndicated loans, the lead underwriter should report only the respondent’s proportional share of the commitment. Similarly, contractual underwriting commitments (e.g., revolving underwriting facilities) and other underwriting agreements may be shown net of firm commitments from other parties to purchase the assets without recourse within a short and specific period of time. Accordingly, the respondent should also include its obligations to participate in syndicated loans and underwritings managed by other institutions.

Commitments of foreign offices to local residents should be included. Commitments for which the ultimate obligor is a resident of the United States should not be reported.

#### **E. Guarantees and Credit Derivatives (Column 18)**

In Column 18, report, by country row of the underlying ultimate obligor, all legally binding guarantees and insurance contracts (see Section II.D.1 and II.D.2) issued by the respondent’s U.S. or foreign offices for which the ultimate obligor is not a U.S. resident. Guarantees and insurance contracts of foreign offices to local residents should be included.

Financial and performance standby letters of credit should be reported in Column 18.

Also report in this column, by country row of the underlying credit, all credit derivatives where the respondent is a protection seller (see Section II.F) and the underlying credit is not a U.S. resident. For example, if a respondent is a guarantor providing credit risk protection to a U.K. bank for a \$10 million claim on an Argentinean bank, by means of a credit derivative, the respondent would report \$10 million in Column 18 in the row for Argentina.

*Examples for Columns 17 and 18:*

(1) The respondent (through any office) issued a \$10 million loan commitment to a manufacturing company located in Ireland. Entry would be:

	col 17
Ireland.....	10

(2) The respondent (through any office) has provided credit protection to a German bank, against the risk of default by a French non-financial company through a credit derivative. The credit derivative has a notional value of \$10 million. Entry would be:

	col 18
France.....	10

Note regarding Schedule 2:

If the credit derivative has a positive fair value of \$5 million, the positive fair value would be reported in Schedule 2. Entries would be:

	<b>Schedule 2</b>		
	col 1	col 4	col 5
Germany.....	5	5	5

(3) The respondent's U.S. office has provided a company in Brazil with a \$20 million line of credit and has provided a bank in the United Kingdom with a \$30 million (notional value) credit derivative, based upon the credit of a German industrial company. Entries would be:

	col 17	col 18
Brazil	20	----
United Kingdom	-----	----
Germany	-----	30

Note regarding Schedule 2:

If the credit derivative has a positive fair value of \$2 million, the positive fair value would be reported in Schedule 2. Entries would be:

	<b>Schedule 2</b>		
	col 1	col 4	col 5
United Kingdom	2	2	2

(4) The Brazilian branch of the respondent has a loan commitment of \$10 million to a Brazilian manufacturer. The United States Export-Import Bank has written a guarantee that would guarantee \$5 million of the loan, should it be extended. Entries would be:

	col 17
Brazil.....	5
United States.....	XXX

**F. Foreign Office Liabilities (Columns 19 and 20)**

Report in Columns 19 and 20, by country of each foreign office, the liabilities of the respondent's foreign offices that represent legal obligations of the foreign offices and for which no payment is guaranteed at locations outside of the country of the office. For example, deposits with a foreign branch that do not carry a cross-border guarantee are assumed to be the legal liabilities of the foreign branch only and are to be paid at that branch. Exclude the negative fair value of derivative contracts, which may be reported in Schedule 2. Foreign office liabilities may be to residents or non-residents and may be payable in local or nonlocal currencies.

In Column 19, report foreign office liabilities that are in a currency other than in the official currency of the country in which the foreign office is resident.

In Column 20, report foreign office liabilities that are in the official currency of the country in which the foreign office is resident.

## **G. Memorandum Items (Columns 21-23)**

### Net Due to Own Related Offices in Other Countries (Column 21)

Report for each country in which the respondent has an office or offices, the net liabilities (or claims) of that office or those offices on all other offices of the respondent that are located in other countries (e.g., the net amount a German branch has “due to” or “due from” the head office and all other consolidated non-German office of the parent). Only a single net figure should be reported for all the offices of the respondent in a given country. If the offices in a given country taken together have a net “due to” position with all related offices in all other countries combined, a positive figure should be reported; a net “due from” position should be indicated by a negative sign. For the purposes of this report, the computation of net due to or due from should include unremitted profits and capital of branch offices and the equity investment in consolidated subsidiaries.

The amounts reported in Column 21 represent the internal position of offices within the consolidated bank or the consolidated holding company. They are, therefore, not reflected in any other columns of the report.

### Assets Held for Trading

Report in column 22 the fair value of the respondent’s trading account assets that are included in Columns 10-12. Trading account assets should be reported at fair value. Exclude from this column available-for-sale securities, any loans or leases that are held for sale, and any claims reported in Schedule 2.

### Trade Finance

Report in column 23 total extensions of credit with maturities one year and under that are included in Columns 10-12 and 17-18 *and* that: (1) are directly related to imports or exports and (2) will be liquidated through the proceeds of international trade. Provided these two conditions are met, such extensions of credit may include customers’ liability on acceptances outstanding, own acceptances discounted, acceptances of other banks purchased, pre-export financing where there is a firm export sales order, commercial letters of credit, as well as other loans and advances whenever such extensions directly relate to international trade.

## **V. SPECIFIC INSTRUCTIONS FOR SCHEDULE 2**

Report by country of the counterparty, the positive fair value of derivative contracts. Positive fair values can be offset against negative fair values if, and only if, the transactions were executed with the same counterparty under a legally enforceable master netting agreement under FIN 39. When contracts are covered by master netting agreements, the net residual amount, if positive, is reported in the country of residence of the counterparty. No entries on Schedule 2 should be made for the United States; the country line for the United States is blocked out on the schedule.

All claims reported on Schedule 2 are to be reported on an ultimate risk basis (see Sections II.D and II.G). Therefore, amounts that are guaranteed are reported in the sector and country of the guarantor. Similarly, if collateral is held, amounts that are collateralized are reported in the sector and country of the institution holding the collateral, except when securities are held as collateral, in which case the exposure is reported in the sector and country of the issuer of the securities.

### **A. Positive Fair Value of Derivative Contracts (Columns 1 to 4)**

Report the positive fair value of derivative contracts by sector (see Section II.C) in Columns 1, 2, or 3, and the total in Column 4. If respondent chooses to report separately foreign office claims in Columns 6 and foreign office liabilities in column 7, report only cross-border claims in Columns 1 - 4 (refer to instructions for Columns 6 and 7). Otherwise, report in Columns 1 – 4 both cross-border claims and foreign office claims on local residents that result from the positive fair value of derivative contracts.

Contracts not covered by a master netting agreement must be reported gross.

For contracts covered by a multi-branch or multi-jurisdiction master agreement with a non-U.S. addressee, the net positive residual amount (i.e., the larger of zero or the gross positive fair value less the gross negative fair value of those contracts covered by the same master agreement) must be reported in Columns 1, 2, and 3, as appropriate, as well as in Column 4. (The term multi-jurisdiction or multi-branch agreement refers to a master netting agreement that covers the head office and other offices of the respondent.)

For contracts covered by a single netting agreement (a master agreement entered into by a single office of the respondent with another party), the net positive residual amount qualifies to be reported in Columns 1 - 4, but may also qualify for reporting in Columns 6 and 7 (see below) if the respondent chooses that option.

When a contract is entered into with a branch of a commercial bank, exposure (i.e., positive fair value) is reported in the country of the head office because claims on a bank's branches are, as a rule, assumed to have an implicit credit guarantee of the head office. Claims on (i.e., contracts having positive fair value) U.S. branches of foreign banks are reported in the country of the head office. (Refer also to instructions for memorandum Column 5, which treat exposure to bank branches differently.)

### **B. Claims on Branches with No Guarantee from Parent (Memorandum Column 5)**

In memorandum Column 5, respondents are asked to identify claims on bank branches according to the country of residence of the branch, unless the claim is formally and legally guaranteed by the head office of the branch. Amounts reported in Column 5 are also reported in Columns 1 and 4 (although in Columns 1 and 4 they are reported in the country row of the head office), except when the head office is in the United States, in which case the claim is reported in Column 5, but not in Columns 1 or 4. Contracts covered by master netting agreements are deemed to carry the legal guarantee of the head office and are not reported in Column 5.

For example, an unguaranteed claim on a branch of a foreign bank would be reported in Columns 1 and 4 in the country of the head office and in Column 5 in the country of the branch. A claim on a foreign branch of a U.S. bank, however, would be reported only in Column 5.

*Example:* The German office of the respondent has a contract with a positive fair value of \$100 million with the German branch of a U.S. bank.

	col 1	col 4	col 5
Germany	----	----	100
United States	na	na	na

- Refer also to examples 1, 2 and 4.

If parties to a multi-branch agreement specify that transactions with branches in certain jurisdictions are subject to transfer risk, any exposure in that jurisdiction is reported in memorandum Column 5 in order to reflect the transfer risk in that location.

- Refer to example 3.

### **C. Foreign Office Claims on Local Residents and Foreign Office Liabilities (Columns 6 and 7)**

**OPTIONAL:** to be reported only by banks that choose to identify foreign office claims on local residents and foreign office liabilities separately, as opposed to reporting foreign office claims on local residents in Columns 1-4. This choice must be applied consistently to all contracts covered by this report.

Report in column 6, on each country line, claims arising from derivative contracts of a foreign office of the respondent that are claims on residents of the country in which the office is located. Such claims may be denominated in either local or non-local currency. Entries would be made in column 6 for a particular country line only if the respondent has a branch or subsidiary in that country.

Do not report in column 6 foreign office claims on local residents that are:

- guaranteed by residents of other countries;
- claims on local branches of U.S. banks or other banks with head offices outside the country in which the respondent's foreign office is located;
- claims on a local office covered by a multi-jurisdiction master agreement.

All of the claims described above are cross-border claims on an ultimate risk basis, and should be reported in Columns 1 – 4.

Report foreign office liabilities arising from derivative contracts in column 7. Foreign office liabilities are the liabilities (i.e., contracts having negative fair value) of the respondent's foreign office that represent legal obligations of the foreign office and for which no payment is guaranteed at locations outside of the country of that office. Foreign office liabilities may be to residents or non-residents and payable in local or non-local currencies.

### **D. Examples for Schedule 2**

- I. A U.S. bank, the respondent, enters into various derivative contracts with a Japanese bank. The balances with the various branches of the Japanese bank on the books of U.S. bank's various locations as of the reporting date are shown below, in millions of dollars:



	Gross Positive Fair Value	Gross Negative Fair Value	Net by Location	Net Aggregate Residual Amount
<i>US Hong Kong with:</i>				
Japan Hong Kong	15	11	4	
Japan London	45	75	-30	
Japan Tokyo	60	40	20	
<b>Total</b>	<b>120</b>	<b>126</b>	<b>-6</b>	<b>-6</b>
<i>US London</i>				
Japan Hong Kong	190	70	120	
Japan London	79	41	38	
Japan Tokyo	67	34	33	
<b>Total</b>	<b>336</b>	<b>145</b>	<b>191</b>	<b>191</b>
<i>US New York</i>				
Japan London	57	75	-18	
Japan New York	10	85	-75	
Japan Tokyo	41	40	1	
<b>Total</b>	<b>108</b>	<b>200</b>	<b>-92</b>	<b>-92</b>
<i>US Tokyo</i>				
Japan Hong Kong	115	225	-110	
Japan London	75	25	50	
Japan New York	15	100	-85	
Japan Tokyo	144	64	80	
<b>Total</b>	<b>349</b>	<b>414</b>	<b>-65</b>	<b>-65</b>
<b>Grand Total</b>	<b>913</b>	<b>885</b>		
<b>Total Net Aggregate Residual</b>				<b>28</b>

**Example 1:** Assumes the respondent has no master agreement and elects to report Columns 6 and 7.

	col 1	col 4	Memo col 5	col 6	col 7
Japan	564	564	0	349	414
Hong Kong	0	0	320	0	126
United Kingdom	0	0	256	0	145

- Since respondent elects to report to Columns 6 and 7, report only cross-border positive fair value in column 4: total gross cross-border claims of \$564 million (in millions: \$913 - \$349) on Japan bank. Because, on an ultimate risk basis, claims on bank branches are always allocated to the country of the parent bank, only the claims of the US bank's Tokyo office on the Japanese bank are not cross-border claims. Similarly, the claims of the US bank's Tokyo office on all offices of the Japanese bank are, on an ultimate risk basis, foreign office claims on local residents.
- Since claims on Japan bank's Hong Kong and London branches are not legally guaranteed by the head office or covered by a master agreement, report in memorandum Column 5 gross positive fair value of the branches of Japan bank for the countries in which the branches are located, i.e., \$320 million (in millions: \$15 + \$190 + \$115) on the Hong Kong country line and \$256 million (in millions: \$45 + \$79 + \$57 + \$75) on the United Kingdom country line.
- The positive fair value of \$349 million at US bank's Tokyo branch with Japan bank's offices qualify as local country claims on an ultimate risk basis and are reported in column 6. If documentation

states that the negative fair value booked at the foreign branches of US bank represent legal obligations of the foreign office and for which no payment is guaranteed at locations outside of the country of that office, then these amounts may be reported as local country liabilities in column 7.

**Example 2:** Assumes the respondent has a master netting agreement with the Japanese bank. Reporting in Columns 6 and 7 is not appropriate for these claims.

	col 1	col 4	Memo col 5	col 6	col 7
Japan	28	28	0	0	0
Hong Kong	0	0	0	0	0
UK	0	0	0	0	0
United States	na	na	na	na	na

- Report the net positive residual amount of \$28 million in column 4 as exposure in Japan.

**Example 3:** Same as example 2, except that parties have also agreed to a bilateral collateralization agreement under which exposures greater than \$10 million are collateralized with cash or liquid U.S. Government securities. Assume that collateral is pledged in minimum incremental amounts of \$ 5 million.

	col 1	col 2	col 4	Memo col 5	col 6	col 7
Japan	8	0	8	0	0	0
Hong Kong	0	0	0	0	0	0
UK	0	0	0	0	0	0
United States	na	na	na	na	na	na

- Under the bilateral collateralization agreement, Japanese bank would have to pledge \$20 million in collateral (in 4 increments of \$5 million). Report the uncollateralized exposure of \$8 million in Japan. Since the collateral is U.S. Government securities, it is not reported.

II. US bank, the respondent, enters into various derivative contracts with foreign corporate customers and banks. The balances with these parties on the books of US bank's various locations as of the reporting date are shown below, in millions of dollars:

	Gross Positive Fair Value	Gross Negative Fair Value	Net by Location	Net Aggregate Residual Amount
<i>US Hong Kong with:</i>				
Hong Kong Corporate	15	11	4	
Singapore Corporate	45	75	-30	
UK Bank, Hong Kong branch	60	40	20	
<b>Total</b>	<b>120</b>	<b>126</b>	<b>-6</b>	<b>-6</b>
<i>US London</i>				
UK Corporate	190	70	120	
Hong Kong Bank, London branch	79	41	38	
<b>Total</b>	<b>269</b>	<b>111</b>	<b>158</b>	<b>158</b>
<i>US New York</i>				
Argentine Corporate	57	75	-18	
Venezuela Bank	10	85	-75	
<b>Total</b>	<b>67</b>	<b>160</b>	<b>-93</b>	<b>-93</b>

<b>Grand Total</b>	<b>456</b>	<b>397</b>		
<b>Total Net Aggregate Residual</b>				<b>59</b>

**Example 4:** Assumes the respondent has no master agreement and does not elect to report columns 6 and 7.

	col 1	col 3	col 4	Memo col 5
Hong Kong	79	15	94	60
UK	60	190	250	79
Argentina	0	57	57	0
Venezuela	10	0	10	0
Singapore	0	45	45	0

- Report gross the positive fair value in column 4 (and in Columns 1 and 3, as appropriate): in Hong Kong \$94 million, \$15 million to the Hong Kong Corporate and \$79 million to the London branch of Hong Kong Bank; in the United Kingdom \$250 million, \$60 million to the Hong Kong branch of UK Bank and \$190 million to the UK Corporate; in Argentina, \$57 million to Argentine Corporate; in Venezuela, \$10 million to Venezuela Bank; and in Singapore, \$45 million to Singapore Corporate.
- Report in memorandum Column 5 claims on the Hong Kong branch of UK bank (\$60 million) and on the London branch of Hong Kong bank (\$79 million) in the countries in which the branches are located, since these claims are not formally guaranteed by their head offices or covered by a master agreement.

**Example 5:** Assumes the respondent has no master agreement and elects to report Columns 6 and 7. Assume also that its U.S. parent legally guarantees the liabilities of the Argentine corporate customer.

	col 1	col 3	col 4	Memo col 5	col 6	col 7
Hong Kong	79	0	79	60	15	126
UK	60	0	60	79	190	111
Argentina	0	0	0	0	0	0
Venezuela	10	0	10	0	0	0
Singapore	0	45	45	0	0	0

- Report in column 4 (and in Columns 1 and 3, as appropriate) cross border exposures: in Hong Kong, \$79 million to the London branch of Hong Kong Bank, located in Hong Kong; in the United Kingdom, \$60 million to the Hong Kong branch of UK Bank, located in the United Kingdom; in Argentina, \$0 (the exposure to Argentine corporate customer is formally guaranteed by its U.S. parent); in Venezuela, \$10 million; and in Singapore, \$45 million.
- Report in Column 5 claims on branches of UK bank (\$60 million) and Hong Kong bank (\$79 million) in the countries of these particular branches.
- Report in Columns 6 and 7 local country assets of \$15 million in Hong Kong and \$190 million in the United Kingdom and, if appropriately documented, local country liabilities to both residents and nonresidents of \$126 million in Hong Kong and \$111 million in the United Kingdom.